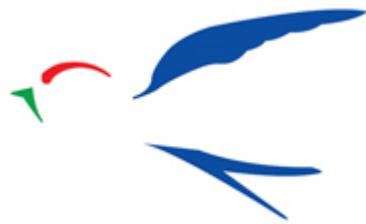


**SAMMAN Update**  
**Italian Presidency of the Council of the European Union**  
**July 1 – December 31 2014**

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GREEK ROTATING PRESIDENCY FACED THE BIG CHALLENGE OF THE EUROPEAN ELECTION, ITALY WILL NEED NOW TO FOLLOW THE INSTITUTIONAL CHANGES LINKED TO THE ELECTIONS RESULTS AND MANY OTHER CHALLENGES INHERITED. ALTHOUGH THE LEGISLATIVE WORK WILL BE LESS FRENETIC THAN UNDER THE TWO PREVIOUS PRESIDENCIES, ITALY WILL FACE THE MORE POLITICAL CHALLENGE OF LEADING SENSITIVE DISCUSSIONS. AIMED TO ENHANCE THE DEMOCRATIC COMPONENTS OF UNION DECISION-MAKING PROCEDURES AND TO MOVE 'FROM AUSTERITY TO GROWTH' THE ITALIAN PRESIDENCY HAS BEEN ALREADY LABELLED A 'SPECIAL ONE'.

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A swallow looking at high head to the future. It's with a message of a renewed confidence in Europe and in the future that Italy decided to represent its presidency. The logo has been selected among 600 projects coming from schools all over the nation in the framework of the call of the Ministry of Instruction aimed to promote the participation of Italian students as the "Europe founder's grandsons".

One of the six signatory countries of the Treaty of Paris and founder of the European Coal and Steel Community in 1952, Italy is also one of the most experienced Member States in terms of Council presidencies, 11 between 1959 and today.

The current political situation in Italy sees Matteo Renzi, third non-elected Prime Minister (after Monti and Letta) head of the Inclusive Government composed by members of the Democratic Party, the New Centre-Right, Civic Choice, the Union of the Centre and three non-party independents. In February 2014, after an intra-party dispute Renzi ousted Enrico Letta, became chief of the government and setting up the youngest, smallest and most gender balanced Government in the Italian history. The result of the European election endorsed Renzi's Democratic Party and Pro- European approach, positioning the Eurosceptic far below the expectations and making Italy the largest delegation among the Social Democrats.

Milan will host 15 out of 18 informal Councils. Anticipating the 2015 Universal Exposition to be held in Milan, the theme "Feeding the planet, energy for life" will be the leitmotiv of several EU meetings for instance in the fields of Agriculture, Energy and Environment. In October 2014, the city will also host the Asia-Europe meeting (ASEM) bringing together the main Asiatic players.

## A 'special' presidency under a new legislature

In the words of President Barroso, the Italian presidency will be 'special' and it will be fundamental for Italy to try and avoid any interruption in the very important work currently in the EU legislative pipeline. According to the practice formalized by the Lisbon treaty in order to ensure continuity, rotating presidencies cooperate in group of three, Italy opens the next "trio" which will include Latvia and Luxemburg. The three Countries elaborated together a common plan of 18 months formally adopted by the Foreign Affairs Council in June.

During the Council Presidency Italy will manage some of the key events in the European institutional framework namely, the **installation of the new Commission** (the current Commission's mandate ending on 31 October) the **constitution of the new Parliament**, the reappointment of the **President of the European Council** (the polish Prime Minister, Donald Tusk has been chosen to succeed Herman von Rompuy) and of the **High Representative of the Union for Foreign Affairs and Security (Federica Mogherini will succeed Catherine Ashton)**. The elected president, Jean-Claude Juncker, is currently negotiating with Member States to constitute his team by attributing portfolios to the candidates proposed by Member States.

Italy will take over the Presidency for the first semester of the new legislature 2014 – 2019 devoted to **economic growth and fight against unemployment**. Particular importance will be given to the objectives of the **2020 Strategy** such as the digital economy. The reform of the economic and monetary union (EMU) will be pursued, and, should the deadlines be respected, the Italian Presidency will coincide with the implementation of two key pillars of the banking union, the **Single Supervisory Mechanism (SSM)** and **Single Resolution Mechanism (SRM)**.

Other challenges for Italy will be the negotiation of the **2030 Framework for climate and energy policies** to be approved at the latest in October 2014 as well as the complex **negotiations on Data Protection**. Italy will also play a key role in the advancing of the **Transatlantic Trade and Investment Partnership negotiations** with the United States. In continuity with the priorities of the Greek Presidency, migration flow is a special concern for Italy that called upon the European attention on the humanitarian emergency in the southern regions and the need for a *common European migration policy* based on a "burden sharing" approach and the strengthening of Frontex.

The reform of the VAT system, the energy tax and the financial transaction tax are considered as priorities along with the fight against tax evasion. Italy wants to reinforce the cooperation between fiscal agencies by revising the legislation and to advance on the traceability of payments especially through better information in case of transfer of funds.

Last but not least, since the Union is starting the new cycle 2014 – 2020, the Italian presidency will be focused on the adoption of the 2015 Budget and on monitoring the correct closing of the 2007-2013 plan.

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## FINANCIAL SECTOR

Italy will continue the works started under the Greek Presidency on financial services regulation, in a context where the creation of a specific commission's portfolio dedicated to financial services, therefore taking this topic out of Internal Market, is mentioned. In particular Italians will lead the

discussions on the **Benchmark regulation**, the review of the **Institutions for Occupational Retirement Provision Directive (IORP)**, the **Shareholders' Rights Directive** and the **Payment Services Directive (PSD II)**.

Italy is participating to the enhanced cooperation for the **Financial Transaction Tax (FTT)** and in March 2013 adopted an Italian FTT, however the tax introduction caused a significant drop in share trading and rather low proceeds. The negotiation on a “first stage” FTT covering equity instruments and certain derivatives are expected to be carried forward, following the general agreement found in May 2014.

The work on **Banking Union** will continue, with the first operations conducted under the Single Supervisory Mechanism (SSM) being envisaged for November, while the implementation of the Single Resolution Mechanism (SRM) will be pursued in order to make it operational for January 2015. In the meantime, the ECB is expected to complete the banks' **Asset Quality Review** by the end of October.

Finally, for what concerns the Parliament initiative to **Reform the EU banking system** proposed by the Commission on the basis of the Liikanen report, Italy, supported by a few other countries such as France, tends to believe that the proposals are not sustainable and La Banca d'Italia is conducting an impact study on the Italian system.

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## DIGITAL SECTOR

The Italian Presidency will focus on the legislative proposal for the reform of the telecommunications sector – so called **Connected Continent or Telecom package**. Issued by the EU Commission on 11<sup>th</sup> of September 2013 and voted by the EU Parliament on 3<sup>rd</sup> of April 2014, the proposal includes measures to harmonize net neutrality rules, push roaming premium out of the market and strengthen the powers of national regulators and of BEREC (Body of European Regulators for Electronic Communications). Italy aims to come up with a Common Council position by December 2014.

Italy also tries to find a common position on the **General Data Protection Regulation (GDPR)** by end 2014 or, at least, reaching an agreement on the most important building blocks namely the share of responsibilities between controllers and processors, international data flows, the “one-stop-shop” mechanism, sanctions, and profiling and pseudonymous data. GDPR was proposed by Commission on 1<sup>st</sup> of January 2012 and voted by Parliament on 12<sup>th</sup> of March 2014.

Progress should be made on two other Commission proposals: the directive for a high common level of network and information security (NIS Directive) voted by Parliament on 13<sup>th</sup> of March 2014, as well as on the directive on the accessibility public sector bodies' websites voted by Parliament on 12<sup>th</sup> of December 2013.

Furthermore, Italy wishes to promote initiatives aimed to boost ultra-broadband networks and develop pan-European services. Global Internet governance and the European Union's role in this area will be one of the main subjects that will engage the Italians throughout their Presidency.

## ENERGY

The Italian presidency will dedicate its efforts to make progress on the four interlinked pillars of the European energy strategy: (1) the 2030 climate and energy targets; (2) energy security within the European internal market; (3) the completion of the energy single market and (4) the external dimension of the energy policy.

Italy will lead the political discussion on the **2030 framework for climate and energy policies** which has to be adopted in October 2014 at the latest (as decided by the European Council during its meetings in March and June 2014<sup>1</sup>). The objective is to strengthen the link between climate/energy policies and European competitiveness and energy security, with respect shown to the Member States' right to choose the content of their national energy mix and in coherence with the European energy security strategy.

For what concerns the **European energy security strategy**, the discussion will be mainly based upon the outcomes of the G7 Energy Summits in Rome and Brussels and the Communication issued by the European Commission in May 2014<sup>2</sup>. The work on diversifying energy sources and routes should be pursued as well as the development of an efficient and integrated system to respond to emergencies with, for instance, local strategic plans or solidarity measures.

For what concerns **the Single Energy Market** (supposed to be completed by the end of 2014), Italy wants to assess the progress made by Member States regarding the transposition and implementation of the 2<sup>nd</sup> and 3<sup>rd</sup> “*energy packages*” and initiate a debate to find new ways to go further.

Finally, the **External dimension of the European energy strategy** will most notably include, in addition to the improvement of energy security, the consolidation of the relations with third countries' partners and, in particular, Mediterranean third countries.

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<sup>1</sup> At the European Council's request, the European Commission issued on July 23<sup>rd</sup> a communication n°2014/520 explaining how energy efficiency could contribute to the reduction of greenhouse gas emissions and the improvement of energy security within the EU.

<sup>2</sup> Communication n°2014/330 of May 28th regarding the European energy security strategy. In that document, the Commission proposed to implement a strategy mainly focused on the diversification of the external energy sources, the modernization of European energy infrastructures, the completion of the energy single market and energy efficiency policies.